

BEFORE THE NEBRASKA PUBLIC SERVICE COMMISSION

In the Matter of the Commission,) Application No. NUSF-5
on its own motion, seeking to)
prescribe fair, just and reason-) COMPANY ORDERS 1-38
able local rates for all incumbent) APPROVING LOCAL RATE
local exchange carriers in the) INCREASES FOR YEAR ONE
state of Nebraska pursuant to)
Neb. Rev. Stat. Section 86-803(4).) Entered: August 3, 1999

BY THE COMMISSION:

As set forth in the Commission order dated January 13, 1999, in Docket No. C-1628, all incumbent local exchange carriers (ILECs) were required to file transition plans with the Commission for approval. Inter alia, each transition plan was to set forth any annual local rate increases necessary to transition the carrier from current local rates to the benchmarks of \$17.50 for residential and \$27.50 for business.

This docket was opened on May 12, 1999, to review the proposed local rate increase portion of companies' transition plans and to prescribe fair, just, and reasonable local rates for ILECs in the state of Nebraska who have requested the Commission to prescribe such rates pursuant to Neb. Rev. Stat. sec. 86-803(4). For administrative purposes, the Commission consolidated all such proposals for rate increases into this docket to facilitate its review. Only the local rate increase proposals are considered under this docket. All other aspects related to the approval of ILEC transition plans will be considered in a separate docket.

Any approval or denial of the proposed rate increases for an individual company shall constitute a separate Commission adjudication and should be considered independent of any other company's approval or denial. Should any company's approval or denial be appealed, it is the Commission's intention that any remaining company's approval or denial shall stand and not be stayed pending the appeal of the appealing company or companies. When referencing an individual plan addressed in this order, interested parties should refer to NUSF-5 and the individual company plan number assigned in the Opinion and Findings section of this order. For example, an inquiry with respect to Cozad's plan would be referenced as NUSF-5(10).

Affected subscribers were notified of the proposed local rate increases through individual customer letters sent by each ILEC on or before June 17, 1999. Notice of the public hearings in this matter was provided in the customer letter as well as through publication in several newspapers across the state.

On July 6-8, 1999, the Commission held a series of public hearings via video conferencing at locations throughout the state of Nebraska in the cities of Hastings, Grand Island, Kearney, North Platte, Alliance, Chadron, Scottsbluff, Sidney, Ainsworth, Norfolk, O'Neill, Valentine, Beatrice, Columbus, Nebraska City, Omaha and Lincoln. While not specifically required by statute, the hearings

were conducted to afford the public across the state a more convenient opportunity to comment in person on the proposed local rate increases. Furthermore, testimony and written comments from numerous individuals representing the public and the industry were received and made a part of the record in this docket.

O P I N I O N A N D F I N D I N G S

The Commission, being fully advised, finds that for the purposes of administration, each company should be assigned an individual company plan number as set forth below.

The Commission further finds that the first-year local rate revisions contained in the transition plans of each of the following ILECs are 1) fair, just, and reasonable; 2) are generally in compliance with the Commission's orders in Docket No. C-1628/NUSF; 3) are in the public interest; and 4) do not represent an increase in current basic local exchange rates where existing rates are already above the local rate rebalancing targets:

Aliant Communications Company (1)
Arapahoe Telephone Company (2)
Arlington Telephone Company (3)
Benkelman Telephone Company (4)
Blair Telephone Company (5)
Cambridge Telephone Company (6)

Clarks Telecommunications Co. (7)
Consolidated Telco, Inc. (8)
Consolidated Telephone Company (9)
Cozad Telephone Company (10)
Curtis Telephone Company (11)
Dalton Telephone Company, Inc. (12)
Diller Telephone Company (13)
Eastern Nebraska Telephone Co. (14)
Elsie Communications, Inc. (15)
Eustis Telephone Exchange (16)
Glenwood Telephone Membership Corporation (17)
Great Plains Communications (18)
GTE (19)
Hartington Telecommunications Co. (20)
Hartman Telephone Exchanges (21)
Hemingford Cooperative (22)
Henderson Cooperative Telephone (23)
Hershey Cooperative Telephone (24)
Home Telephone Comp. of Nebraska (25)
Hooper Telephone Company (26)
Keystone-Arthur Telephone Co. (27)
K & M Telephone Company (28)
Nebraska Central Telephone Company (29)
Pierce Telephone Company, Inc. (30)
Plainview Telephone Co. (31)
Rock County Telephone Company (32)
Sodtown Telephone Company (33)
Southeast Nebraska Telephone Co. (34)

Sprint (35)
Stanton Telecom, Inc. (36)
Three River Telco (37)
Wauneta Telephone Company (38)

However, several of the above companies have opted to not increase their local rates by the maximum percentage permitted under current statutes as proposed in the January 13, 1999, order in C-1628. Instead, Arapahoe Telephone Company (2), Benkelman Telephone Company (4), Blair Telephone Company (5), Consolidated Telco, Inc. (8), Consolidated Telephone Company (9), Dalton Telephone Company, Inc. (12), Diller Telephone Company (13), Glenwood Telephone Membership Corporation (17), Great Plains Communications (18), GTE (19), Hershey Cooperative Telephone (24), Hooper Telephone Company (26), Keystone-Arthur Telephone Co. (27), K & M Telephone Company (28), Nebraska Central Telephone Company (29), Pierce Telephone Company, Inc. (30), Plainview Telephone Co. (31), Rock County Telephone Company (32), and Wauneta Telephone Company (38) elected to request Commission approval to increase rates by less than the statutory maximum.

While the Commission will not reduce these companies' NUSF draw for year one, the Commission retains the right in years two, three and four, if necessary, to adjust these companies' NUSF draw to reflect the lower revenues derived from their election to increase local rates at less than the expected maximum percentage permitted by statute. Any company that is proposing rates that do not satisfy the maximum flexibility requirement will be expected to appear before the Commission to request a waiver specifically authorizing the alternative rate adjustments prior to their adoption.

The proposed rate increases for year one for each company named above are set out in attached Exhibits 1-38. The Commission will continue to review the proposed local rate increases for all companies for the remaining years of the transition period as we proceed to implement payments from the Nebraska Universal Service Fund.

O R D E R

IT IS THEREFORE ORDERED by the Nebraska Public Service Commission that the proposed local rate adjustments for year one filed by the ILECs named above are hereby approved pursuant to this order.

IT IS FURTHER ORDERED that the proposed rate increases for year one as outlined in Exhibits 1-38 (attached) shall become effective September 1, 1999, unless otherwise ordered by this Commission.

MADE AND ENTERED at Lincoln, Nebraska, this 3rd day of August, 1999.

NEBRASKA PUBLIC SERVICE COMMISSION

COMMISSIONERS CONCURRING:

Chairman

ATTEST:

Executive Director

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